

**CITY OF MILWAUKEE, WISCONSIN**

**NEIGHBORHOOD STABILIZATION  
PROGRAM – 3**

**SUBSTANTIAL AMENDMENT TO THE  
2010-2014 CONSOLIDATED PLAN &  
2010 ANNUAL ACTION PLAN**

**PUBLIC COMMENT PERIOD:**  
**JANUARY 24 - FEBRUARY 7, 2011**

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COMMUNITY DEVELOPMENT GRANTS ADMINISTRATION  
CITY HALL- 200 E. WELLS STREET-ROOM 606  
MILWAUKEE, WISCONSIN  
STEVEN L. MAHAN, DIRECTOR

## 1. NSP3 Grantee Information

NSP3 Program Administrator Contact Information	
Name (Last, First)	Mahan, Steven
Email Address	smahan@milwaukee.gov
Phone Number	414-286-3842
Mailing Address	200 East Wells Street, Milwaukee, WI 53202

## 2. Areas of Greatest Need

### Map Submission

Maps of the NSP3 target neighborhoods developed using the HUD NSP3 Mapping Tool are attached as Exhibit A.

### Data Sources Used to Determine Areas of Greatest Need

#### **Describe the data sources used to determine the areas of greatest need.**

Response:

The City of Milwaukee has drawn on a number of data sources to determine the areas of greatest need for NSP funds. HUD has defined these areas as those which have the highest percentage of home foreclosures, the highest percentage of homes financed by a subprime mortgage loan, or those areas likely to experience an increase in the rate of home foreclosures.

The City has analyzed the foreclosure risk scores released by HUD in conjunction with the NSP2 and NSP3 programs in designing its NSP programming. These scores, on a scale of 1-20, are assigned to every census tract in the country and are meant to estimate the level of need and risk within each census tract related to foreclosure and abandonment. For grantees within the State of Wisconsin, neighborhoods must have a HUD foreclosure need score of greater than 11 to qualify for NSP3 funds.

In addition, the City has developed a comprehensive “real-time” foreclosure tracking system which draws information from the County Register of Deeds Office (on pending foreclosure filings and releases), the local Multiple Listing Service (on foreclosed properties currently for sale) and the City Assessor’s Office (on property sales data, including Sheriff’s Sales and REO sales). This database is updated continuously and allows the City to track individual foreclosure filings and sales data at the City-wide, neighborhood, census tract, and block levels. This database allows the City to track market sales trends, as well as identify areas where increasing numbers of foreclosed and abandoned properties are likely to occur.

The City has also analyzed its NSP1 activity to determine which areas demonstrated both a need and a demand for housing created under the NSP program.

## Determination of Areas of Greatest Need and Applicable Tiers

**Describe how the areas of greatest need were established and whether a tiered approach is being utilized to determine the distribution of funding.**

Response:

The City of Milwaukee is proposing to use its NSP3 allocation in those portions of the Layton Boulevard West and Sherman Park neighborhoods which are outside of the current NSP2 program area. These neighborhoods were selected because of their demonstrated need and the potential to coordinate NSP activities with complementary neighborhood revitalization efforts ongoing in these areas to maximize the impact of NSP funds.

For the purposes of NSP3, HUD has released new "foreclosure need scores" which were assigned to each census tract in the county in an attempt to measure the level of foreclosure, abandonment, and vacancy within each neighborhood. These scores are between 1 and 20, with 20 representing the highest level of need. In Wisconsin, a census tracts must score 11 or higher to be eligible to receive NSP3 funds. The average need score for the Layton Boulevard West Neighborhood NSP3 target area is 14.25 and the average need score for the Sherman Park NSP3 target area is 15.5, establishing these neighborhoods among those areas of the City which demonstrate the greatest need for NSP3 funds outside of the current NSP2 program area. Those neighborhoods with higher risk scores which are within the NSP2 program area will continue to be served through the NSP2 program.

Both of the target NSP3 neighborhoods are home to ongoing neighborhood revitalization activities being carried out by neighborhood partners. These efforts will complement NSP3 activities by addressing quality of life issues which are beyond the "bricks and mortar" scope of NSP. As the City implemented its NSP1 program, these neighborhoods demonstrated a strong demand for housing created through the NSP program which was due in large part to the work of neighborhood partners to link buyers to available homes and neighborhood resources. There are also development partners in these neighborhoods who stand ready to implement the NSP3 program.

**City of Milwaukee Neighborhood Stabilization Program (NSP3)  
NSP3 Program Area**

Neighborhood	Census Tracts	Average HUD NSP3 Risk Score	HUD NSP3 Impact Target*	Foreclosed Properties**	Open Foreclosure Filings**	Average Assessed Value (1 and 2-family homes)	Average Sale Price of Foreclosed Homes
Sherman Park	50, 59, 92, 93	15.5	31	68	176	\$116,304	\$42,900
Layton Boulevard West	161, 162, 170, 171	14.3	22	37	166	\$97,813	\$35,705

\* In conjunction with NSP3, HUD released "Impact" targets for individual census tracts. These targets were based on HUD's estimated number of foreclosures in each tract and represent HUD's estimate of how many units grantees must address through NSP3 to have a meaningful impact on the neighborhood real estate market. These estimates were provided to assist grantees in NSP3 program design.

\*\*These figures are from the City's foreclosure tracking database, which tracks properties which are going through the foreclosure process ("open filings") and which are bank owned foreclosures. Figures reflect City records as of 12/21/2010.

The **Layton Boulevard West** neighborhood was recently selected to participate in the ten year, \$50 million Zilber Neighborhood Initiative, which provides funding to design and implement a

comprehensive neighborhood quality of life plan. This work will be carried out by Layton Boulevard West Neighborhoods Inc., (LBWN) and will build on the ongoing work of that group and area residents to promote homeownership in the neighborhood and preserve property values. LBWN has been active in supporting the City's NSP efforts by working to connect residents to foreclosed homes and market opportunities within the neighborhood. LBWN has also established a limited liability company, Sustainable Development LLC, to act as a developer and acquire, rehabilitate, and resell foreclosed homes to owner-occupants through its "Turnkey Renovation Program."

The **Sherman Park** neighborhood is a neighborhood with historically high rates of owner occupancy which has been significantly impacted by the foreclosure crisis. The City and its partners have worked to target NSP resources to Sherman Park in order to preserve opportunities for owner occupancy and to protect neighborhood property values. Despite troubling market conditions, demand for housing remains high in Sherman Park as evidenced by the City's NSP1 activities in the neighborhood. Sherman Park Community Association, an established community partner, has a forty-year history of working to improve the neighborhood and the quality of life for its residents. They have been an active partner in working with the City to address the impacts of foreclosures in their neighborhood. More recently, Common Ground, a coalition of area religious groups and non-profits who are tackling the foreclosure issue locally has selected a portion of Sherman Park as the location for a pilot project to undertake a comprehensive neighborhood revitalization strategy.

The City's NSP3 activities have been designed to provide a "toolkit" of activities to address the specific neighborhood impacts of the foreclosure crisis on these two neighborhoods. Proposed activities will increase owner occupancy, return vacant and abandoned homes to productive use for both homeownership and as quality affordable rental housing, intervene in the marketplace by acquiring key foreclosed and abandoned properties that would otherwise be purchased by speculators who are not prepared to appropriately invest in them, and eliminate severe blighting conditions through selective demolition. Taken as a whole, the concentration of NSP3 resources in these target neighborhoods combined with the ongoing complementary neighborhood revitalization efforts will have a noticeable impact on neighborhood housing quality and property values.

### 3. Definitions and Descriptions

#### Definitions

Term	Definition
Blighted Structure	<b>Section 66.1333(2m)(bm)</b> of Wisconsin State Statutes provides that "blighted property" means any property within a city, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provisions for ventilation, light, air or sanitation, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime, and is detrimental to the public health, safety, morals or welfare, or any property which by reason of faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the

	fair market value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, substantially impairs or arrests the sound growth of a city, retards the provisions of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use, or any property which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community.																								
Affordable Rents	<p>Affordable rents in the NSP3 program will be consistent with limits prescribed by HUD in conjunction with the HOME program. The following table displays 2010 HOME rent limits for the City of Milwaukee. The lower 50% AMI rent limit will be used in determining whether a unit can be counted towards the NSP3 requirement that at least 25% of grant funds be used to provide housing for individuals whose incomes do not exceed 50% of AMI. Affordable rent limits will be updated each year of the NSP3 implementation period to reflect any changes in HOME rent limits.</p> <table><tr><th colspan="6">NSP3 Affordable Rent Limits</th></tr><tr><th>Unit Size</th><th>1BR</th><th>2 BR</th><th>3BR</th><th>4 BR</th><th>5BR</th></tr><tr><td>50% AMI Rent Limit</td><td>\$561</td><td>\$654</td><td>\$768</td><td>\$854</td><td>\$940</td></tr><tr><td>High Home Rent Limit</td><td>\$600</td><td>\$722</td><td>\$925</td><td>\$937</td><td>\$1,083</td></tr></table> <p>Limits assume tenant responsibility for all utilities other than sewer/water. Adjustments will be made using Housing Authority of the City of Milwaukee Utility Allowances when appropriate.</p>	NSP3 Affordable Rent Limits						Unit Size	1BR	2 BR	3BR	4 BR	5BR	50% AMI Rent Limit	\$561	\$654	\$768	\$854	\$940	High Home Rent Limit	\$600	\$722	\$925	\$937	\$1,083
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## Descriptions

Term	Definition								
Long-Term Affordability	<p>The City is committed to long term affordability for its NSP funded projects. The City's existing affordable housing programs (both federally funded, as well as City funded) contain affordability restrictions. At a minimum, the affordability requirements for each NSP3 assisted project will be consistent with HOME requirements:</p> <p><b>Homebuyer Assistance Program:</b></p> <table> <tr> <td><u>NSP3 Assistance Amount</u></td><td><u>Period of Affordability</u></td></tr> <tr> <td>&lt;\$15,000</td><td>5 years</td></tr> <tr> <td>\$15,000-\$40,000</td><td>10 years</td></tr> <tr> <td>\$40,000+</td><td>15 years</td></tr> </table> <p><b>Rental Programs:</b></p>	<u>NSP3 Assistance Amount</u>	<u>Period of Affordability</u>	<\$15,000	5 years	\$15,000-\$40,000	10 years	\$40,000+	15 years
<u>NSP3 Assistance Amount</u>	<u>Period of Affordability</u>								
<\$15,000	5 years								
\$15,000-\$40,000	10 years								
\$40,000+	15 years								

	<p><u>NSP3 Subsidy/Assistance Amount</u></p> <p>&lt;\$15,000/unit \$15,000-\$40,000/unit \$40,000+/unit New construction</p> <p><u>Period of Affordability</u></p> <p>5 years 10 years 15 years 20 years</p> <p>For both rental and homeownership programs utilizing NSP3 funds, the City of Milwaukee will utilize mortgages and/or restrictive covenants to ensure continued affordability of NSP 3 assisted housing. For properties assisted under the City's acquisition/rehabilitation program, resale requirements (as opposed to recapture) will be utilized in cases where the buyer receives no direct assistance. These resale requirements will be consistent with requirements utilized in the City's HOME program. Homeowners and renters (both initial and subsequent covered purchasers and tenants) will have their incomes certified consistent with regulations for the NSP3 program.</p>
Housing Rehabilitation Standards	<p>The following summary describes the housing rehabilitation standards which will apply to properties rehabilitated with NSP3 funds:</p> <p><u>Scope of Work:</u> A qualified professional will thoroughly inspect the property and develop a cost-estimated scope of work. The scope of work will list the minimum requirements to bring the property into program and code compliance.</p> <p><u>Technical Specifications:</u> Rehab work on NSP3 assisted properties will follow the City's "Technical Specifications and Performance Standards" manual ("Manual.") The Manual is currently used for the City's Federally-funded HOME programs. It combines the City's rehabilitation standard with programmatic policies, federal regulations, and State / local building codes. It is the overall guide to labor and material performance standards for Federally-assisted rehabs. The manual can be accessed via the City's website: <a href="http://city.milwaukee.gov/TableofContents16404.htm">http://city.milwaukee.gov/TableofContents16404.htm</a></p> <p><u>Lead Safety:</u> All applicable laws and regulations relating to lead-based paint (federal, state, and local) will be complied with in the rehabilitation of NSP3 assisted properties. Lead abatement work will be done by State of Wisconsin-certified lead abatement contractors with properly-trained supervisors and crews. All work will be performed in a lead-safe manner and where applicable, completed work will have appropriate lead dust wipe clearance by the Milwaukee Health Department (MHD.)</p> <p><u>Accessibility:</u> Milwaukee's NSP3 housing construction programs will conform to the requirements of 24 CFR part 8.</p> <p><u>"Green" Improvements:</u> For one and two family new construction and gut rehab projects under NSP3, the City of Milwaukee will exceed the national standards for Energy Star-new construction. While gut rehabs of mid- or</p>

	<p>high-rise multifamily housing is not anticipated, if such work is undertaken, it will meet the standards set forth by ASHRAE Standard 90.1-2004, Appendix G plus 20 percent.</p> <p>For moderate rehabilitation, there will be a strong emphasis on energy efficiency upgrades, such as high efficiency furnaces and boilers, energy-efficient windows, air-sealing, insulation, and efficient lighting.</p> <p>Landscaping that beautifies the property will be encouraged for NSP 3 assisted properties. An added benefit is that trees and other permanent landscaping capture carbon dioxide, a major component of greenhouse gases. Whenever financially feasible, scopes of work will include environmentally-friendly improvements that conserve energy, manage storm water runoff, and minimize use of non-renewable resources.</p> <p><u>Occupancy Permits and Final Inspections:</u> In the City of Milwaukee, a building vacant for more than one year requires a renewed Certificate of Occupancy. Such buildings require clearance from MHD and the Department of Neighborhood Services (DNS.) It is assumed that many NSP3-assisted properties will need new Certificates of Occupancy.</p> <p>Additionally, before a NSP3-assisted property is occupied, a qualified rehabilitation specialist or other housing professional will inspect the rehab work to insure the scope of work is completed in a professional manner, that permits were issued, that there is a valid Occupancy Permit, and that all required MHD and Department of Neighborhood Services (DNS) sign-offs are on-file.</p>
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#### 4. Low-Income Targeting

##### Low-Income Set-Aside Amount

Enter the low-income set-aside percentage in the first field. The field for total funds set aside will populate based on the percentage entered in the first field and the total NSP3 grant.

**Identify the estimated amount of funds appropriated or otherwise made available under the NSP3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income.**

Response:

Total low-income set-aside **percentage** (must be no less than 25 percent): 25.00%

Total funds set aside for low-income individuals = \$672,000.

##### Meeting Low-Income Target

**Provide a summary that describes the manner in which the low-income targeting goals will be met.**

Response:

The City of Milwaukee will work with responsible investors and landlords to utilize NSP funds to create rental housing units for households with incomes at or below 50% of area median income. As it has in

the NSP1 and NSP2 program, the City will utilize NSP funds to assist responsible investors with the rehabilitation of scattered site vacant and foreclosed properties as well as provide gap financing for NSP eligible “large projects,” which can include either rehabilitation of existing structures or the construction of high quality affordable housing on land which is vacant as a result of demolition of foreclosed, blighted, vacant, or abandoned property.

It is expected that NSP3 funds will be used to create up to 22 units of housing for households at or below 50% of area median income.

## 5. Acquisition and Relocation

### **Demolition or Conversion of LMI Units**

Does the grantee intend to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income)?	It is expected that all properties demolished using NSP3 funds will have been vacant for some time. Based on the location and condition of these properties, the majority may have been affordable to low and moderate income households prior to vacancy/foreclosure.
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If yes, fill in the table below.

Question	Number of Units
The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.	16
The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).	47 (commencing upon grant receipt and concluding within 36 months)
The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.	22 (commencing upon grant receipt and concluding within 36 months)

## 6. Public Comment

### **Citizen Participation Plan**

<b>Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.</b>
<p>Response:</p> <p>The City of Milwaukee solicited public input on the proposed plan both City-wide and from the NSP3 target neighborhoods. In response to the foreclosure crisis, the City has established a public-private partnership, the Milwaukee Foreclosure Partnership Initiative (MFPI), which is led by a 22-person steering committee including area lenders, housing counselors, real estate agents, community groups, and government officials. The MFPI created the comprehensive plan for the City’s response to the foreclosure crisis. The Common Council also established a Special Joint Subcommittee on the</p>



Redevelopment of Abandoned and Foreclosed Homes to oversee the City's use of NSP funds and related efforts. The proposed plan aligns with the principals articulated by the MFPI and the guidance of the Special Joint Subcommittee, which both took into account significant public input.

On January 24, 2011, the Substantial Amendment was posted on the City of Milwaukee website at: <http://city.milwaukee.gov/CommunityDevelopment310.htm>. Hard copies were also made available at the offices of the City of Milwaukee Community Development Grants Administration. The official public comment period is January 24 – February 7, 2011 with written, emailed or faxed comments accepted during this period. Notification of the Substantial Amendment and comment period were also published in the Milwaukee Journal Sentinel, El Conquistador, and the Milwaukee Community Journal.

Additionally, notification was provided to community based organizations active in the neighborhoods included in the NSP3 target area for dissemination directly to area residents.

A copy of the public notice is attached as Exhibit B.

### **Summary of Public Comments Received.**

The summary of public comments will be inserted after the public comment period has concluded.

## **7. NSP Information by Activity**

### **Summary:**

The City's NSP3 award is \$2,687,949. The proposed NSP3 activities are designed to preserve and promote homeownership in the target neighborhoods, as well as comply with HUD requirements that grantees promote rental housing options and utilize at least 25% of grant funds to create housing opportunities for households at or below 50% of area median income.

The primary use of NSP3 funds will be to carry out the acquisition and rehabilitation of foreclosed and abandoned homes for resale to owner occupants. This will preserve owner occupancy in the target neighborhoods and ensure that distressed properties are rehabilitated to a high standard. NSP3 funds will also be used to continue the City's NSP Homebuyer Assistance Program in these neighborhoods which will assist homeowners in purchasing and rehabilitating foreclosed homes which they purchase directly out of foreclosure. A portion of NSP3 funds will also be used to facilitate high-quality rental development to provide for a diversity of housing options and ensure that the City meets the low income set-aside requirements of the NSP3 program. NSP3 funds will also be used to demolish blighted properties which pose a barrier to neighborhood stabilization efforts, and for which rehabilitation is not feasible. The City hopes to impact at least 63 units of housing utilizing NSP3 funds, which is greater than the number which HUD's NSP3 impact score projects as being required to make a noticeable impact on the neighborhood housing market.

### **NSP3 Program Local Hiring:**

NSP3 includes a requirement that grantees work to provide employment opportunities for residents of the program area. As it has in both the NSP1 and NSP2 programs, the City of Milwaukee will work to ensure that the NSP3 program maximizes contracting and employment opportunities for residents who reside in the vicinity of NSP target neighborhoods. City staff working on the NSP program endeavor to connect interested Emerging Business Enterprises (EBE) and minority contractors with opportunities to

work on NSP funded projects. In the City's NSP1 program, 40% of Homebuyer Assistance and Rental Rehabilitation projects (those where City staff assist homebuyers in selecting contractors to work on foreclosed properties they have purchased) were carried out by EBE or minority contractors. For projects where the City (through the Neighborhood Improvement Development Corporation) acted as developer and procured contractors, the rate was 60%. Additional NSP projects were carried out by developers operating Adult Build training programs.

The City is also requiring and tracking Section 3 participation on NSP projects subject to Section 3 requirements to ensure that it complies with HUD guidance on utilizing NSP funds to provide employment opportunities for low-income residents.

These efforts will continue during NSP3. The City will continue to utilize EBE and Section 3 targets on all NSP3 projects and work to connect local contractors to these opportunities. These efforts will include the continued use of the on-line "bid-desk" to communicate with contractors when eligible projects are out to bid and continued efforts by NSP rehab specialists to ensure that local contractors participate in NSP3 projects.

**Activities:**

Activity Number 1	
<b>Activity Name</b>	Homebuyer Assistance Program
<b>Uses</b>	Select all that apply:
	<input type="checkbox"/> Eligible Use A: Financing Mechanisms
	X Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/> Eligible Use C: Land Banking
	<input type="checkbox"/> Eligible Use D: Demolition
	<input type="checkbox"/> Eligible Use E: Redevelopment
<b>CDBG Activity or Activities</b>	24 CFR 570.201(a), (b),(n) 24 CFR 570.202
<b>National Objective</b>	Low, moderate, middle income housing (LMMH)
<b>Activity Description</b>	<p>Increasing homeownership is an important goal of the NSP3 program. The activity will provide zero-interest soft second mortgage financing (up to \$30,000 per property) to assist with the acquisition and rehabilitation costs to owner occupant purchasers of foreclosed homes. Families with incomes less than 120% of AMI will be eligible for the program and the amount of assistance will vary based on income. The financing is intended to serve as an incentive to encourage the purchase of foreclosed homes for owner occupancy, as well as eliminate the need for private mortgage insurance, increasing access to mortgage financing for potential purchasers. A minimum of 8 hours of homebuying counseling by a HUD approved counseling agency will be a condition of participation in the program.</p> <p>In both NSP3 target neighborhoods, there is a supply of foreclosed homes which need modest rehab and are attractive for owner occupancy. This program will assist owner occupants in purchasing these properties and the technical assistance provided as part of the program will ensure that properties are rehabilitated to a high standard.</p>

	Assistance will be in the form of a soft-second mortgage (no interest), which will ensure that properties comply with NSP long term affordability requirements.	
<b>Location Description</b>	NSP3 Target Neighborhoods	
<b>Budget</b>	<b>Source of Funding</b>	<b>Dollar Amount</b>
	NSP3	\$400,000
	Buyer First Mortgages	It is expected that this program will leverage over \$800,000 in the form of buyer's first mortgages.
<b>Total Budget for Activity</b>		<b>\$400,000</b>
<b>Performance Measures</b>	It is expected that 16 units of foreclosed housing will be purchased and rehabilitated under this activity and resold to low, moderate and middle income owner occupant buyers.	
<b>Projected Start Date</b>	Third Quarter 2011	
<b>Projected End Date</b>	Second Quarter 2014	
<b>Responsible Organization</b>	<b>Name</b>	City of Milwaukee – Community Development Grants Administration
	<b>Location</b>	200 East Wells Street Milwaukee, WI 53202
	<b>Administrator Contact Info</b>	Steven Mahan 414-286-3842 smahan@milwaukee.gov

<b>Activity Number 2</b>	
<b>Activity Name</b>	Acquisition/Rehabilitation Program
<b>Use</b>	Select all that apply:
	<input type="checkbox"/> Eligible Use A: Financing Mechanisms
	<input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/> Eligible Use C: Land Banking
	<input type="checkbox"/> Eligible Use D: Demolition
	<input type="checkbox"/> Eligible Use E: Redevelopment
<b>CDBG Activity or Activities</b>	24 CFR 570.201(a), (b),(n) 24 CFR 570.202
<b>National Objective</b>	Low, moderate, middle income housing (LMMH)
<b>Activity Description</b>	<p>The program will help increase homeownership in neighborhoods impacted by foreclosures. The Acquisition/Rehab Program will involve the purchase and rehabilitation of vacant foreclosed properties by private and/or non-profit developers or by a City of Milwaukee-affiliated entity. When the work is done, the property will be offered for sale to eligible owner occupant families with incomes at or below 120% of area median income who have completed eight hours of homebuyer counseling.</p> <p>NSP funds will be used to provide (no interest) financing for these projects and a portion of the funds will be “left in” the projects as development subsidy to bring the ultimate purchase price down to the current market</p>

	<p>value of the property.</p> <p>For properties assisted under the City's acquisition/rehabilitation program, resale requirements (as opposed to recapture) will be utilized in cases where the buyer receives no direct assistance. These resale requirements will be consistent with requirements utilized in the City's HOME program.</p> <p>This program will target homes in the NSP3 target neighborhoods which are in need of substantial rehabilitation, which may exceed the capacity of a homeowner to tackle on their own. These properties are generally priced significantly below assessed values and, if not addressed through the NSP program, are targets for speculative purchasers active in these areas who are not prepared to invest in needed rehabilitation. In NSP1 and NSP2, the City has utilized this program to target homes which are having significant impacts on the surrounding area as a way to remove negative influences and protect neighborhood housing values.</p> <p>It is expected that at least nine units of foreclosed housing will be purchased and rehabilitated under this activity initially. Program income generated by the sale of properties will allow the City and its partners to carry out additional acquisition and rehabilitation projects in the NSP3 target neighborhoods.</p>	
<b>Location Description</b>	NSP3 Target Neighborhoods	
<b>Budget</b>	<b>Source of Funding</b>	<b>Dollar Amount</b>
	NSP3	\$1,078,361
	Developer Equity	In the City's NSP1 and NSP2 activity, private developers have contributed an average of \$20,000-\$40,000 of equity for acquisition/rehab projects. If credit conditions allow, the City will continue to leverage developer contributions for these projects.
<b>Total Budget for Activity</b>		\$1,078,361
<b>Performance Measures</b>	It is expected that at least 9 units of foreclosed housing will be purchased and rehabilitated under this activity and resold to low, moderate and middle income owner occupant buyers.	
<b>Projected Start Date</b>	Third Quarter 2011	
<b>Projected End Date</b>	Second Quarter 2014	
<b>Responsible Organization</b>	<b>Name</b>	City of Milwaukee – Community Development Grants Administration
	<b>Location</b>	200 East Wells Street Milwaukee, WI 53202
	<b>Administrator Contact Info</b>	Steven Mahan 414-286-3842 smahan@milwaukee.gov

Activity Number 3												
<b>Activity Name</b>	Rental Development											
<b>Use</b>	Select all that apply: <table border="1"> <tr> <td><input type="checkbox"/></td> <td>Eligible Use A: Financing Mechanisms</td> </tr> <tr> <td>X</td> <td>Eligible Use B: Acquisition and Rehabilitation</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Eligible Use C: Land Banking</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Eligible Use D: Demolition</td> </tr> <tr> <td>X</td> <td>Eligible Use E: Redevelopment</td> </tr> </table>		<input type="checkbox"/>	Eligible Use A: Financing Mechanisms	X	Eligible Use B: Acquisition and Rehabilitation	<input type="checkbox"/>	Eligible Use C: Land Banking	<input type="checkbox"/>	Eligible Use D: Demolition	X	Eligible Use E: Redevelopment
<input type="checkbox"/>	Eligible Use A: Financing Mechanisms											
X	Eligible Use B: Acquisition and Rehabilitation											
<input type="checkbox"/>	Eligible Use C: Land Banking											
<input type="checkbox"/>	Eligible Use D: Demolition											
X	Eligible Use E: Redevelopment											
<b>CDBG Activity or Activities</b>	24 CFR 570.201(a), (b) 24 CFR 570.202											
<b>National Objective</b>	Low Income Housing to Meet 25% Set-aside (LH25)											
<b>Activity Description</b>	<p>This activity will help address the loss of quality affordable rental housing for low income families resulting from the foreclosure crisis and ensure that the City is able to meet NSP requirements that at least 25% of NSP3 funds be spent to create housing for households at or below 50% of area median income. It will also help the City comply with NSP3 program requirements to prioritize the creation of affordable rental housing.</p> <p>This activity will provide NSP assistance to developers and responsible landlords who are working in the target neighborhoods to create high-quality affordable housing for low-income families.</p> <p>Eligible projects could include the scattered site acquisition and rehabilitation of vacant, foreclosed or abandoned homes, or redevelopment of vacant property as housing in the areas. The City has utilized NSP1 and NSP2 funds to assist with these types of projects and will continue to do so in the NSP3 target neighborhoods. Developers participating in the program will have to commit to income and rent restrictions consistent with those required for the federal HOME program. Mortgages and/or restrictive covenants are used to secure the required period of affordability. Assistance will generally be structured as gap financing, with NSP funds utilized to make projects feasible or to match developer contribution to rehab costs.</p> <p>In addition to the creation of affordable rental housing, this activity will address local market conditions by targeting properties which may not be attractive homeownership candidates (especially duplex properties with smaller living units and larger multi-unit buildings) and ensuring that they are rehabilitated to a high standard. These properties are generally priced significantly below assessed values and, if not addressed through the NSP program, are targets for speculative purchasers active in these areas who are not prepared to invest in needed rehabilitation.</p> <p>It is expected that at 22 units of foreclosed housing will be purchased and/or rehabilitated under this activity.</p>											
<b>Location Description</b>	NSP3 Target Neighborhoods											

<b>Budget</b>	<b>Source of Funding</b>	<b>Dollar Amount</b>
	NSP3	\$672,000
	Developer Equity	NSP funds will be used to fund only a portion of each project (generally on a “gap financing” or per unit subsidy basis). Developer equity and other funds will be used to fund the remaining portion of each project.
<b>Total Budget for Activity</b>		\$672,000
<b>Performance Measures</b>	It is expected that at 22 units of housing will be created under this activity for low income (<50% AMI) households.	
<b>Projected Start Date</b>	Third Quarter 2011	
<b>Projected End Date</b>	Second Quarter 2014	
<b>Responsible Organization</b>	<b>Name</b>	City of Milwaukee – Community Development Grants Administration
	<b>Location</b>	200 East Wells Street Milwaukee, WI 53202
	<b>Administrator Contact Info</b>	Steven Mahan 414-286-3842 smahan@milwaukee.gov

<b>Activity Number 4</b>	
<b>Activity Name</b>	Demolition
<b>Use</b>	Select all that apply:
	<input type="checkbox"/> Eligible Use A: Financing Mechanisms
	<input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/> Eligible Use C: Land Banking
	X Eligible Use D: Demolition
	<input type="checkbox"/> Eligible Use E: Redevelopment
<b>CDBG Activity or Activities</b>	24 CFR 570.201(d)
<b>National Objective</b>	Low Moderate Middle Income Area Benefit
<b>Activity Description</b>	<p>A large percentage of the foreclosed properties in the City of Milwaukee are blighting influences on the City’s neighborhoods and are undermining neighborhood confidence and stability. Many of these properties have been on the market for a period of six months or more, and have been the target of significant vandalism and “cannibalization” of building components and materials.</p> <p>The cost of rehabilitating these properties to the standards prescribed for the NSP3 program would be far in excess of their market value. As a result, NSP3 funds will be used to selectively demolish those structures that are the most severely blighted and detrimental to neighborhood stability and which are not appropriate candidates for rehabilitation. The City will be proactive in its strategies for neighborhood supporting reuse of the vacant land resulting</p>

	<p>from demolition.</p> <p>The removal of these blighting properties will complement other NSP3 activities by removing those properties which are having the most detrimental impacts on neighborhood property values and are an attractive nuisance for crime or vandalism.</p> <p>It is expected that the City will demolish 16 blighted housing units under this activity.</p>	
<b>Location Description</b>	NSP3 Target Neighborhoods	
<b>Budget</b>	<b>Source of Funding</b>	<b>Dollar Amount</b>
	NSP3	\$268,794
<b>Total Budget for Activity</b>	\$268,794	
<b>Performance Measures</b>	It is expected that the City will demolish 16 blighted housing units under this activity in low, moderate, and middle income neighborhoods.	
<b>Projected Start Date</b>	Third Quarter 2011	
<b>Projected End Date</b>	Second Quarter 2014	
<b>Responsible Organization</b>	<b>Name</b>	City of Milwaukee – Community Development Grants Administration
	<b>Location</b>	200 East Wells Street Milwaukee, WI 53202
	<b>Administrator Contact Info</b>	Steven Mahan 414-286-3842 <a href="mailto:smahan@milwaukee.gov">smahan@milwaukee.gov</a>

Activity Number 5	
<b>Activity Name</b>	Administration
<b>Use</b>	Select all that apply:
	<input type="checkbox"/> Eligible Use A: Financing Mechanisms
	<input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/> Eligible Use C: Land Banking
	<input type="checkbox"/> Eligible Use D: Demolition
	<input type="checkbox"/> Eligible Use E: Redevelopment
<b>CDBG Activity or Activities</b>	24 CFR 570.205 and 206
<b>National Objective</b>	NA
<b>Activity Description</b>	Program Administration will be used for the reasonable costs of overall program management, coordination, monitoring, and evaluation. Such costs include (but are not limited to) salaries, wages, and related costs of staff engaged in program administration, which includes (but is not limited to) providing information about the program, preparing program budgets and schedules, preparing reports, and other costs for goods or services needed for administration of the program. Administration costs will be limited to 10% of the overall NSP3 grant amount.
<b>Location Description</b>	NA

Budget	Source of Funding	Dollar Amount
	NSP3	\$268,794
<b>Total Budget for Activity</b>		\$268,794
<b>Performance Measures</b>	NA	
<b>Projected Start Date</b>	Third Quarter 2011	
<b>Projected End Date</b>	Second Quarter 2014	
<b>Responsible Organization</b>	<b>Name</b>	City of Milwaukee – Community Development Grants Administration
	<b>Location</b>	200 East Wells Street Milwaukee, WI 53202
	<b>Administrator Contact Info</b>	Steven Mahan 414-286-3842 <a href="mailto:smahan@milwaukee.gov">smahan@milwaukee.gov</a>

## 8. Certifications

### Certifications for State and Entitlement Communities

(1) **Affirmatively furthering fair housing.** The jurisdiction certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

(2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.

(3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

(4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.

(6) **Acquisition and relocation.** The jurisdiction certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP program published by HUD.

(7) **Section 3.** The jurisdiction certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.



(8) **Citizen participation.** The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.

(9) **Following a plan.** The jurisdiction certifies it is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD. [Only States and entitlement jurisdictions use this certification.]

(10) **Use of funds.** The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

(11) **The jurisdiction certifies:**

- a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and
- b. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive force.** The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The jurisdiction certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The jurisdiction certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction certifies that it will comply with applicable laws.

(16) **Vicinity hiring.** The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

(17) **Development of affordable rental housing.** The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

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Signature/Authorized Official

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Date

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Title

### **Certifications for Non-Entitlement Local Governments**

- (1) **Affirmatively further fair housing.** The jurisdiction certifies that it will affirmatively further fair housing.
- (2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.
- (3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.
- (6) **Acquisition and relocation.** The jurisdiction certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP program published by HUD.
- (7) **Section 3.** The jurisdiction certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (8) **Citizen participation.** The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (9) **Use of funds.** The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.
- (10) **The jurisdiction certifies:**
  - a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and
  - b. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public

improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(11) **Excessive force.** The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

(12) **Compliance with anti-discrimination laws.** The jurisdiction certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(13) **Compliance with lead-based paint procedures.** The jurisdiction certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(14) **Compliance with laws.** The jurisdiction certifies that it will comply with applicable laws.

(15) **Vicinity hiring.** The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

(16) **Development of affordable rental housing.** The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

\_\_\_\_\_  
Signature/Authorized Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

## **EXHIBIT B**

### **PUBLIC NOTICE**

#### **CITY OF MILWAUKEE**

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##### **COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

##### **Proposed Plan for Federal Funding for the Neighborhood Stabilization Program 3 for the Redevelopment of Abandoned & Foreclosed Homes**



The City of Milwaukee is inviting citizen comments on the **Proposed Notice of Fund Availability(NOFA) for Fiscal Year 2011 Neighborhood Stabilization Program 3 under the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010.**

The City of Milwaukee will apply to receive up to **\$2.7 million** from the Federal government as a result of **Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010** which was passed in part to provide emergency assistance for the redevelopment of abandoned and foreclosed homes. The proposal states the proposed use of the funds through the **Neighborhood Stabilization Program** of the U.S. Department of Housing and Urban Development.

Specifically, the City is proposing to use the funds for the following activities: *Homebuyer Assistance, Rental Development (Large Projects), Acquisition/Rehab/Resale (for homeownership), and Demolition*. The activities will take place in the target area which is comprised of those census tracts throughout the City of Milwaukee which have been most impacted by the foreclosure crisis and have the highest percentage of home foreclosures and subprime mortgage loans.

The proposal will be available for public review beginning Monday, January 24, 2011 through Monday, February 7, 2011 and can also be picked up at the CDGA office located in Room 606, City Hall, 200 E. Wells Street. In addition, it can also be accessed on the website at [www.city.milwaukee.gov/](http://www.city.milwaukee.gov/) or [www.city.milwaukee.gov/CommunityDevelopment310.htm](http://www.city.milwaukee.gov/CommunityDevelopment310.htm).

Comments on the Proposal must be submitted no later than Monday, February 7, 2011 in writing to: Mr. Steven L. Mahan, Director, Community Development Grants Administration; City Hall – 200 East Wells Street, Room 606, Milwaukee, Wisconsin 53202.